

liquidated in twenty years, like some modern mortgage loans. The attempt to float a paper currency upon land values resulted in failure and the notes of the bank in 1822 could be exchanged at Hamburg at the rate of only \$187.50 for \$100 in silver. The Storthing was compelled to pass a law reducing the value of the notes by providing that 190 in paper should be redeemed in the proportion of 100 in silver.<sup>1</sup> The value of the notes gradually rose and the bank was put upon a sounder basis.

The present capital of the Bank of Norway is 15,500,000 crowns (\$4,150,000), but by the last renewal of the charter (by the law of May 19, 1900) may be raised to 25,000,000 crowns. The bank is authorized to issue notes to the amount of 35,000,000 crowns without metallic reserve, and to any additional amount when fully covered by gold. One-third of the computed gold reserve may be on deposit abroad and 3,000,000 crowns may be deposited in the Bank of Sweden and the National Bank of Denmark. A leaf is taken from the experience of Germany in the provision that additional notes may be issued, upon notice to the government, under a tax of six per cent. These changes in favor of greater freedom of note issue were largely the result of the monetary pressure of 1899, which compelled the bank to raise its discount rate first to six per cent, and towards the end of the year to six and one-half per cent., and to exceed the authorized note issue for the first time since its foundation.<sup>2</sup> The notes are legal tender and are the only credit paper having general circulation.

The governing board of the bank is named by the Storthing and consists of fifteen representatives. The actual administration is entrusted to five directors at the central bank and three at each branch, who are also named by the Storthing. The state is a large shareholder, but the management of the bank is kept independent of the Treasury.\*

\* Macleod, *Theory and Practice of Banking* II., 263-64.

<sup>2</sup> Bulletin de Statistique, October, 1901, L., 438.

<sup>3</sup> Statistique Internationale des Banques d'Émission, Norvège, 6-7.